



GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

August 19, 2016

FILED

AUG 19 2016

SECRETARY, BOARD OF
OIL, GAS & MINING

TO: Board of Oil, Gas & Mining

THROUGH: John R. Baza, Director *JRB*

FROM: Steve Schneider, Administrative Services & Policy Coordinator *Steve S.*

SUBJECT: Status of Informal Rulemaking: R649-3-32 Reporting of Undesirable Events

Subsequent to the Division providing the Board the proposed revisions to R649-3-32 on July 22, 2016, the Division distributed the draft rule to the Informal Rules Review Group on July 27, 2016, as shown on the attachment. Comments on the proposed rule revisions were requested by August 15, 2016.

The Utah Petroleum Association and SITLA provided emails in support of the proposed rule. The Western Energy Alliance provided the attached letter on August 15, 2016 which supported the overall rule but also requested a one word edit, i.e. the removal of "immediately" in subsection 2.7 due to the term having the potential to lead to confusion. After research on definitions and discussion with counsel, the Division has agreed with this recommendation, as shown on the attached draft rule. Other members of our informal working group on this rule also support this one word change.

The Division is ready to commence formal rulemaking via the filing of a Notice of Agency Action with the Board by September 1, 2016, assuming no objections from the Board. The Division would also submit the eRules filing to the Office of Administrative Rules by September 1st and the formal public comment period would commence on September 15th. The Board would accept public comments at the hearing on September 28th, the formal public comment period would end on October 17th, and the Board could approve the rule at the hearing on October 26, 2016.

I will present a short report at the Board briefing on August 24, 2016. I can also be reached at steveschneider@utah.gov or 801-538-5328. Participants in this rulemaking may also desire to speak at the Board briefing.

Attachments





Steve Schneider <steveschneider@utah.gov>

OG&M Draft Rule - Undesirable Events

1 message

Steve Schneider <steveschneider@utah.gov>

Wed, Jul 27, 2016 at 1:50 PM

To: Becky Hammond <bhammond@blm.gov>, Danielle Gavito <dgavito@crescentpointenergy.com>, "Garrison, Lavonne" <lavonnegarrison@utah.gov>, Lee Peacock <lpeacock@utahpetroleum.org>, Lowell Braxton <lbraxton@westernenergyalliance.org>, Ronald Rencher <rrencher@parsonsbehle.com>, Steve Bloch <steve@suwa.org>, Utah Sierra Club <utah.chapter@sierraclub.org>, William Engels <william.engels@ladwp.com>

Cc: John Baza <johnbaza@utah.gov>

Bcc: Steve Styler <steve@stylerdaniels.com>, John Rogers <johnrogers@utah.gov>

DOGM Informal Rules Review Group,

This email is written to seek your comment, if any, on the proposed change to the Oil and Gas rule for reporting undesirable events, R649-3-32. Due to the proposed restructuring of the rule, the format is shown in "repeal and re-enact" format, with the revised text shown first and the repeal shown second. Two briefings have been provided to the Board on this rule, and the Board seeks your comment at this time. Consideration will be made of your comments prior to proceeding with formal rulemaking with the Board.

Please take this opportunity to review this proposal and provide a response to me by **August 15, 2016**, if you desire.

Steve Schneider
Admin. Services & Policy Coordinator
Utah Div. of Oil, Gas and Mining
[801-538-5328](tel:801-538-5328)



DOGM R649-3-32 Draft Rule 20160722 wComments.pdf

36K



August 15, 2016

Ruland Gill
Chairman
Utah Board of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

Re: Proposed Rule R649-3-32, Incident Reporting

Dear Chairman Gill:

Western Energy Alliance supports the update of proposed rule R649-3-32 on incident reporting requirements and thresholds. We appreciate the opportunity to comment on the rule, and are suggesting one minor change.

Western Energy Alliance represents 300 companies engaged in all aspects of environmentally responsible exploration and production of oil and natural gas in Utah and across the West. Alliance members are independents, the majority of which are small businesses with an average of fifteen employees.

The proposed rule updates incident reporting requirements for unauthorized releases of oil, produced water, oilfield chemicals, oilfield waste, and natural gas. We appreciate the state's decision to include thresholds for both minor and major reportable events, which will give valuable context to spill data. We support the reporting of data that provides context on the volume and impact of spills to help the state, industry, and the public better understand the impacts. Contextual data help to demonstrate that the majority of spills are relatively small in terms of volume and impact. We also appreciate the state's efforts to align its requirements with incident reporting rules in neighboring New Mexico, which strike a balance between meeting the public's right to information while maintaining a reasonable reporting burden for industry.

We are concerned with the language in section 2.7 regarding releases of hydrogen sulfide (H₂S), which requires reporting for, "Each release of gas containing 100 or more parts per million of hydrogen sulfide (H₂S) that is not *immediately* controlled [*emphasis added*]." We believe the term "immediately" is potentially confusing and should be removed. There may be instances where a gas release may not be controlled immediately, but is controlled fully shortly thereafter and without any potential risk to company personnel, the public, or the environment. Furthermore, if the rule requirement reads, "Each release of gas containing 100 or more parts per million of hydrogen sulfide (H₂S) that is not controlled," it creates the same reporting threshold from a practical standpoint.

Thank you for the opportunity to provide comments on Proposed Rule R649-3-32. Western Energy Alliance supports this effort to align the state's regulations for incident

Proposed Rule R649-3-32
August 15, 2016

Page 2 of 2

reporting with other western state requirements and looks forward to working on this and other matters before the Board. Please contact me with any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Sgamma', with a stylized flourish at the end.

Kathleen Sgamma
Vice President of Government and Public Affairs

Utah Division of Oil, Gas & Mining
Informal Rulemaking Process: Undesirable Events Reporting Revisions
Draft of Rule for Repeal/Reenact: As of 6/10/2016, plus one 8/17/2016 Amend

R649. Natural Resources; Oil, Gas and Mining; Oil and Gas.

R649-3. Drilling and Operating Practices.

R649-3-32. Incident Reporting.

1. The division shall be notified of major and minor reportable events occurring at any oil or gas drilling, producing, transportation, gathering, or processing facility, or at any injection or disposal facility.

2. Major reportable events include the following:

2.1. Unauthorized release of more than 25 barrels of oil, salt water, oil field chemicals, or oil field wastes.

2.2. Unauthorized flaring, venting, or wasting of:

2.2.1. More than 500 Mcf of gas at any drilling or producing well site, or at any injection or disposal facility; or

2.2.2. More than 1500 Mcf of gas at any transportation, gathering, or processing facility.

2.3. Any fire that consumes the volumes of liquid or gas specified in R649-3-32-2.1 and R649-3-32-2.2.

2.4. Any spill, venting, or fire, regardless of the volume involved, that occurs in a sensitive area, e.g., parks, recreation sites, wildlife refuges, lakes, reservoirs, streams, urban or suburban areas.

2.5. Each accident that involves a fatal injury.

2.6. Each blowout, loss of control of a well.

2.7. Each release of gas containing 100 or more parts per million of hydrogen sulfide (H₂S) that is not immediately controlled.

3. Notification for all major reportable events will include:

3.1. A verbal report submitted to the division as soon as practical but within a maximum of 24 hours after discovery of a reportable event; and

3.2. A complete written report of the incident submitted on the Incident Report Form on the division website within five days following the conclusion of a reportable event.

4. Minor reportable events include the following:

4.1. Unauthorized release of more than five barrels and up to 25 barrels of oil, salt water, oil field chemicals, or oil field wastes.

4.2. Unauthorized flaring, venting or wasting of more than 50 Mcf and up to 500 Mcf of gas at any drilling or producing well site, or at any injection or disposal facility; or

4.3. Unauthorized venting or wasting of more than 50 Mcf and up to 1500 Mcf of gas at any transportation, gathering, or processing facility.

4.4. Any fire that consumes the volumes of liquid or gas specified in R649-3-32-4.1 and R649-3-32-4.2.

4.5. Each accident involving a major or life-threatening injury.

5. Notification for all minor reportable events will include a complete written report of the incident submitted on the Incident Report Form on the division website within five days following the conclusion of a reportable event.

6. Complete written reports of major and minor reportable events shall include:

Comment [sls1]: Section 32 is restructured to reflect an improved order of the six subsections for readability.

Comment [sls2]: Removed conflicting wording which required notification of "all" undesirable events but later required only major and minor reporting. Now clarifies that major and minor events are reported.

Comment [sls3]: Accepted suggestion for specifying gathering and processing rather than general term of transportation.

Comment [sls4]: Modified Major to New Mexico rule standard. Added oil field chemicals.

Comment [sls5]: See comment on subsection 4.3 below.

Comment [sls6]: Includes reporting of high H₂S, similar to Montana. Public safety matter.

Comment [sls7]: Removed "immediately" since term can be confusing. 8/17/2016.

Comment [sls8]: Companies are already reporting online, so rule reflects such.

Comment [sls9]: Amended Minor to New Mexico rule standard, as noted in 2.1 for Major.

Comment [sls10]: Adjusts Minor reportable quantity for transp., gathering, and processing as it includes volumes from multiple wells. Flares removed for this Minor since control devices and part of transportation system design. Volumes will be reported on monthly gas plant form 13A.

Comment [sls11]: Added "gas" which was inadvertently omitted in existing rule. Now same as 2.3.

6.1. The date and time of occurrence and, if immediate notification was required, the date and time the occurrence was reported to the division.

6.2. The location where the incident occurred, described by section, township, range, and county.

6.3. The specific nature and cause of the incident.

6.4. A description of the resultant damage.

6.5. The action taken, the length of time required for control or containment of the incident, and the length of time required for subsequent cleanup.

6.6. An estimate of the volumes discharged and the volumes not recovered.

6.7. The cause of death if any fatal injuries occurred.

6.8. Other information as required by the division's Incident Report Form.

Comment [sls12]: Added 6.8 to allow Division flexibility for online reporting content, which Board grants on paper forms already.

R649-3-32. Reporting of Undesirable Events.

~~1. The division shall be notified of all fires, leaks, breaks, spills, blowouts, and other undesirable events occurring at any oil or gas drilling, producing, or transportation facility, or at any injection or disposal facility.~~

~~2. Immediate notification shall be required for all major undesirable events as outlined in R649-3-32-5.~~

~~2.1. Immediate notification shall mean a verbal report submitted to the division as soon as practical but within a maximum of 24 hours after discovery of an undesirable event.~~

~~2.2. A complete written report of the incident shall also be submitted to the division within five days following the conclusion of an undesirable event.~~

~~2.3. The requirements for written reports are specified in R649-3-32-4.~~

~~3. Subsequent notification shall be required for all minor undesirable events as outlined in R649-3-32-6.~~

~~3.1. Subsequent notification shall mean a complete written report of the incident submitted to the division within five days following the conclusion of an undesirable event.~~

~~3.2. The requirements for written reports are specified in R649-3-32-4.~~

~~4. Complete written reports of undesirable events may be submitted on Form 9, Sundry Notice and Report on Wells. The report shall include:~~

~~4.1. The date and time of occurrence and, if immediate notification was required, the date and time the occurrence was reported to the Division.~~

~~4.2. The location where the incident occurred described by section, township, range, and county.~~

~~4.3. The specific nature and cause of the incident.~~

~~4.4. A description of the resultant damage.~~

~~4.5. The action taken, the length of time required for control or containment of the incident, and the length of time required for subsequent cleanup.~~

~~4.6. An estimate of the volumes discharged and the volumes not recovered.~~

~~4.7. The cause of death if any fatal injuries occurred.~~

~~5. Major undesirable events include the following:~~

~~5.1. Leaks, breaks or spills of oil, salt water or oil field wastes that result in the discharge of more than 100 barrels of liquid, that are not fully contained on location by a wall, berm, or dike.~~

~~5.2. Equipment failures or other accidents that result in the flaring, venting, or wasting of more than 500 Mcf of gas.~~

Comment [sls13]: Old subsection 2 is moved to subsection 3 in the proposed

Comment [sls14]: Old subsection 3 is moved to subsection 5 in the proposed

Comment [sls15]: Old subsection 4 is moved to subsection 6 in the proposed

Comment [sls16]: Old subsection 5 is moved to subsection 2 in the proposed

~~5.3. Any fire that consumes the volumes of liquid or gas specified in R649-3-32-5.1 and R649-3-32-5.2.~~

~~5.4. Any spill, venting, or fire, regardless of the volume involved, that occurs in a sensitive area stipulated on the approval notice of the initial APD for a well, e.g., parks, recreation sites, wildlife refuges, lakes, reservoirs, streams, urban or suburban areas.~~

~~5.5. Each accident that involves a fatal injury.~~

~~5.6. Each blowout, loss of control of a well.~~

~~6. Minor undesirable events include the following:~~

~~6.1. Leaks, breaks or spills of oil, salt water, or oil field wastes that result in the discharge of more than ten barrels of liquid and are not considered major events in R649-3-32-5.~~

~~6.2. Equipment failures or other accidents that result in the flaring, venting or wasting of more than 50 Mcf of gas and are not considered major events in R649-3-32-5.~~

~~6.3. Any fire that consumes the volumes of liquid or specified in R649-3-32-6.1 and R649-3-32-6.2.~~

~~6.4. Each accident involving a major or life-threatening injury.~~

Comment [sls17]: Old subsection 6 is moved to subsection 4 in the proposed